



# Department of Justice

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## **FORMER ENRON CHIEF EXECUTIVE OFFICER JEFFREY SKILLING SENTENCED TO MORE THAN 24 YEARS IN PRISON ON FRAUD, CONSPIRACY CHARGES**

WASHINGTON – Former Enron Chief Executive Officer Jeffrey K. Skilling has been sentenced to 24 years and four months in prison on conspiracy, securities fraud and other charges related to the collapse of the Enron Corporation, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

In addition to the prison sentence, Skilling, 52, was ordered to forfeit approximately \$45 million to be applied towards restitution for the victims of the fraud at Enron. Skilling was sentenced today before U.S. District Judge Sim Lake, at the U.S. District Court in Houston. He was convicted by a federal jury in Houston on May 25, 2006 of 12 counts of securities fraud, one count of insider trading, conspiracy and five counts of making false statements to auditors. Lay's co-defendant at trial, former Enron CEO Kenneth Lay, was also convicted after 56 days of trial and jury deliberations on conspiracy, securities fraud and wire fraud charges.

The convictions stemmed from a wide-ranging scheme that Lay, Skilling and other Enron executives engaged in at various times between at least 1999 and 2001, to deceive the investing public, the U.S. Securities and Exchange Commission and others about the true performance of Enron's businesses. The scheme was designed to make it appear that Enron was growing at a healthy and predictable rate, consistent with analysts' published expectations, that Enron did not have significant write-offs or debt and was worthy of investment-grade credit rating, that Enron was comprised of a number of successful business units, and that the company had an appropriate cash flow. It had the effect of inflating artificially Enron's stock price, which increased from approximately \$30 per share in early 1998 to over \$80 per share in January 2001, and artificially stemming the decline of the stock during the first three quarters of 2001.

The fraud scheme eventually unraveled and Enron filed for bankruptcy in December 2001, making its stock virtually worthless. The company's collapse cost investors billions of dollars, and thousands of workers lost their jobs.

"Today's sentence is a measure of justice for the thousands of people who lost their jobs and millions of dollars in investments when Enron collapsed under the weight of the fraud perpetrated by the company's top executives," said Assistant Attorney General Fisher. "Jeffrey Skilling will now spend more than 24 years in prison for committing one of the largest frauds in the history of corporate America. His conviction is the result of nearly five years of hard work and dedication by the prosecutors and investigators on the Enron Task Force, whose tireless efforts demonstrate the finest qualities of public service."

"The sentencing of Jeffrey Skilling today puts an exclamation point on many years of hard work by the Enron Task Force and reiterates the FBI's commitment to address corporate fraud, no matter how long it takes," said FBI Assistant Director Chip Burrus. "Corporate crooks

should beware, if you decide to use business coffers as your personal piggy bank at the expense of investors and employees, you risk loss of personal freedom.”

Kenneth Lay died on July 5, 2006, and his conviction was voided by a federal judge earlier this month. The government announced today that it is filing a civil forfeiture action to recover property that constitutes proceeds of the fraud proven in the criminal case against Lay. The civil complaint seeks to forfeit Lay’s condominium in Houston, property associated with a Lay family investment partnership, and a bank account with more than \$22,000 – all proceeds obtained directly or indirectly as a result of various federal crimes, including securities fraud, wire fraud and conspiracy to commit securities fraud.

The investigation into Enron’s collapse was conducted by the Enron Task Force, a team of federal prosecutors supervised by the Justice Department’s Criminal Division and Special Agents from the FBI and IRS Criminal Investigation. The Task Force received considerable assistance from the Securities and Exchange Commission. Following today’s sentencing, all outstanding matters being handled by the Enron Task Force will be referred to the Fraud Section of the Criminal Division at the U.S. Department of Justice.

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